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August 26, 2024

**VIA ELECTRONIC CASE FILING**

Executive Secretary  
Michigan Public Service Commission  
7109 W. Saginaw Highway  
Lansing, Michigan 48917

**Re: Case No. U-21534 – In the matter of the Application of DTE ELECTRIC COMPANY for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority.**

Dear Executive Secretary:

Enclosed for filing please find the **Association of Businesses Advocating Tariff Equity's Errata Pages 5-6 of Brian Andrews' Rebuttal Testimony** and **Proof of Service** in the above-referenced matter.

Sincerely,

**CLARK HILL PLC**

**Stephen A.  
Campbell**

Stephen A. Campbell

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Date: 2024.08.26 16:30:14 -04'00'

SAC/lkd

cc: Parties of Record

1 the time the assets were approved. In total, the PA 295 assets have a cost of  
2 \$388.3 million. DTE has separated these costs into “fuel related”<sup>2</sup> and  
3 “capacity-related” buckets in its Exhibit AB-26, Schedule P2. DTE’s shows that  
4 \$130.4 million is capacity-related and \$257.9 million is “fuel-related.”

5 **Q UNDER DTE’S POSITION HOW ARE THE \$388.3 MILLION OF PA 295 COSTS**  
6 **ALLOCATED?**

7 A The \$130.4 million deemed capacity-related is allocated using Allocator 251 which is  
8 100% 4CP demands, excluding the R10 class. The \$257.9 million of “fuel-related”  
9 PA 295 assets costs is allocated using allocator ~~492111~~, which is ~~90100%~~ energy, ~~10%~~  
10 ~~4CP demands~~, excluding the R10 class. ~~In my Exhibit AB-22, I have determined that~~  
11 ~~Therefore~~, ~~660%~~ of these costs are allocated on the basis of energy and ~~4034%~~ are  
12 allocated on the basis of 4CP demands under DTE’s proposal. Under Staff’s proposal  
13 to allocate the capacity-related portion with the 4CP 75-0-25, the amount allocated on  
14 energy would increase to approximately ~~6875%~~, and demand would decrease to  
15 ~~3225%~~.<sup>3</sup>

16 **Q ARE DTE’S COSTS FOR ITS OWNED RENEWABLE FACILITIES LARGELY**  
17 **FIXED?**

18 A Yes. According to data compiled by S&P, from DTE’s FERC Form 1 filings, DTE  
19 reports that roughly 89% of the costs of its renewable assets (wind, biomass, and solar)  
20 are fixed. With just 11% being variable. See Exhibit AB-23. This clearly makes sense.

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<sup>2</sup>With the exception of biomass plants, these assets would have no fuel costs as they are wind and solar resources. Fuel-related is the nomenclature used by DTE, and is simply the portion of the asset cost that has not been deemed to be capacity-related based on the fixed-cost proportion of the transfer prices.

<sup>3</sup>Demand-related portion would be \$130.47 million x 75% ~~+ 257.862 million x 10% =~~  
~~\$123.63897.85~~ million or ~~3225%~~ of 388.332 million. Energy portion would then be 1-~~3225%~~ = ~~6875%~~.

1 Wind and solar assets have no fuel costs. The majority of the costs of these assets  
2 are incurred when they are installed, with little variable production expense. That is,  
3 regardless of customer energy consumption, or even energy generation of DTE's  
4 facilities, 89% of the costs would remain fixed.

5 **Q DOES IT MAKE SENSE TO ALLOCATE THE CAPACITY-RELATED PORTION OF**  
6 **THE PA 295 RENEWABLE ASSETS USING THE 4CP 75-0-25 ALLOCATOR?**

7 A No. As I have demonstrated, DTE's PA 295 renewable resources are largely fixed  
8 costs assets, and ~~66~~0% of the costs of these assets are already allocated on the basis  
9 of energy. The 4CP 75-0-25 allocator might be appropriate for these costs if the entirety  
10 of them were allocated in the same manner, as with DTE's traditional production  
11 resources. That simply is not the case with the PA 295 renewable resource costs. If  
12 Staff's proposal were to be adopted, then ~~68~~75% of the costs of the PA 295 renewable  
13 resource costs would be allocated on the basis of energy; despite as much as 89% of  
14 these costs being fixed costs. Since DTE's owned facilities represent the majority of  
15 the purchased capacity costs, the bulk of the purchased capacity costs would be  
16 unchanged, regardless of energy production or customer usage. Therefore, no  
17 additional energy allocation should be approved, and the currently approved  
18 methodology should remain in effect. The current methodology already over-allocates  
19 on the basis of energy because the majority of the purchased capacity costs are related  
20 to DTE's owned renewable generation facilities. If the Commission is to make any  
21 modification to the allocation of DTE's PA 295 renewable assets, it should allocate  
22 them more on the basis of demand than is currently approved and in the opposite  
23 direction of Staff's proposal.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the Application of )  
**DTE ELECTRIC COMPANY** )  
for authority to increase its rates, amend )  
its rate schedules and rules governing the )  
distribution and supply of electric energy, and )  
for miscellaneous accounting authority. )  
\_\_\_\_\_)

Case No. U-21534

ALJ Sally L. Wallace

PROOF OF SERVICE

STATE OF MICHIGAN )  
 ) ss  
COUNTY OF WAYNE )

Stephen A. Campbell, being first duly sworn, deposes and says that on August 26, 2024, he did cause to be served the *Association of Businesses Advocating Tariff Equity's Errata Pages 5-6 of Brian Andrews' Rebuttal Testimony* as well as this *Proof of Service*, in the above docket, via electronic mail, to the persons identified on the attached service list.

Stephen A.  
Campbell

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Date: 2024.08.26 16:30:30 -04'00'

\_\_\_\_\_  
Stephen A. Campbell

**SERVICE LIST**  
**MPSC Case No. U-21534**

<p><b>Administrative Law Judge</b>  Hon. Sally L. Wallace  Administrative Law Judge  Michigan Public Service Commission  7109 W. Saginaw Hwy., 3rd Floor  Lansing, Michigan 48917  Email: <a href="mailto:wallaces2@michigan.gov">wallaces2@michigan.gov</a></p>	<p><b>Counsel for Dept. of Attorney General</b>  Joel King  Email: <a href="mailto:KingJ38@michigan.gov">KingJ38@michigan.gov</a>  <a href="mailto:ag-enra-spec-lit@michigan.gov">ag-enra-spec-lit@michigan.gov</a></p>
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